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IN THE

Supreme Court of the United States

OCTOBER TERM, 1949

REMINGTON RAND INC.,

Petitioner,

vs.

ROYAL TYPEWRITER COMPANY, INC.,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT AND SUPPORTING BRIEF

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IN THE

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OCTOBER TERM, 1949

REMINGTON RAND INC.,
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vs.

ROYAL TYPEWRITER COMPANY, INC.,
Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

To the Honorable The Chief Justice and the Associate Justices of the Supreme Court of the United States:

Your Petitioner, Remington Rand Inc., respectfully prays for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit to review a decree of that Court entered on June 22, 1949.

A certified transcript of the record, including the proceedings in said Circuit Court of Appeals, is furnished herewith, pursuant to Rule 38 of the rules of this Court.

Questions Presented

1. Is public policy contravened where a District Court decrees a patent to be valid and infringed without trying the issue of validity, the court having no adequate means to decide that issue because defendant conceded validity?

2. Is public policy contravened where a court of appeals affirms such a decree?*

* The Court of Appeals expressly stated that it and the District Court had "no adequate means to decide the issue" (of validity). *Infra*, p. 4.

3. Should the Court of Appeals in such a case permit the presentation of evidence on the issue of validity so that the trial court may have adequate means to decide that issue **while the case is still in the interlocutory stage and before accounting has begun?**

Summary and Short Statement of the Matter Involved

This petition relates to the case of *Royal Typewriter Company* v. *Remington Rand, Inc.*, a patent infringement action involving U. S. Patent No. 1,916,905 to Woodfine, relating to automatic, that is, spring-actuated, mechanism for setting the margin controlling stops on a typewriter carriage. The structures of the patented device and of the accused device are described in the opinions of the District Court for the District of Connecticut and the Court of Appeals for the Second Circuit. See 76 F. Supp. 220 and 168 F. (2d) 691. Although the defendant[1] in its answer pleaded the invalidity of the Woodfine patent and cited several prior art patents, *at the trial defendant did not contest this issue and put in no evidence to show the applicability of these references in anticipation of the Woodfine patent or as negativing invention therein.* The trial issue was erroneously narrowed to the sole question of infringement.[2]

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[1] In this petition and accompanying brief, the petitioner and respondent are identified by their positions in the District Court, *i. e.*, as defendant and plaintiff, respectively.

[2] The statement of counsel for defendant during the trial (opening statement, Trial Record, page 23) was as follows:

> "The validity of those claims may be doubtful, but non-infringement by the defendant structure is so clear that we prefer to rely upon the defense of non-infringement."

In his brief in the Court of Appeals, defendant's attorney said (Opening brief, p. 1):

> "In the Court below we did not contend that the patent in suit was invalid, nor do we make such contention here, but our position was and is that the claims in suit of the Woodfine patent are not infringed by the structure manufactured and sold by appellant."

By an application of the doctrine of equivalents, the defendant's device was held by the District Court to be an infringement. **Notwithstanding the absence of a trial of the issue of validity**, the patent was adjudged valid and an interlocutory decree granting an injunction and accounting was entered in favor of plaintiff. (First Rec. 248, 249.)[1] On appeal to the Court of Appeals on the only issue tried, *i. e.*, infringement, the judgment of the District Court was affirmed, although the Court of Appeals admitted that it and the District Court had **"no adequate means to decide"** the question of validity (*infra*, p. 4). This Court denied certiorari October 11, 1948, 69 S. Ct. 50, and rehearing was denied November 11, 1948, 69 S. Ct. 129. The only issue involved in those proceedings was the question whether the doctrine of equivalents should be invoked to stretch the claims to cover defendant's device.

This is a case where defendant's trial attorney and the District Court contravened the public policy by failing to try the issue of validity. The Court of Appeals in its opinion said, 168 F. (2d) 691 (decided May 1948):

> "Judge Smith's opinion in the district court has been published, and states the disclosure in substance and the claims in full. We shall assume a familiarity with it in what we say and **confine our discussion to the only issue in dispute—infringement.** As a preliminary it is to be observed that **the defendant concedes the claims in suit to be valid**; a concession we shall accept, although the Supreme Court has said that, when the defendant challenges the validity of claims as well as their infringement, it is better practice to pass on their validity. At first blush it might appear

[1] There are two transcripts of the Record in this case. The first was filed as a part of the petition for certiorari denied Oct. 11, 1948, 69 S. Ct. 50, rehearing denied Nov. 11, 1948, 69 S. Ct. 129. The question of validity was not involved. The second transcript of Record is that filed as a part of the present petition to this Court for a writ of certiorari and shows the proceedings in the Court of Appeals on defendant's petition in that Court seeking a hearing on the issue of validity. To avoid confusion the first and second transcripts will be identified as "First Rec." and "Second Rec." respectively.

that the situation is the same when validity is conceded, because *the reason why we should pass on that question, even though we can dispose of the suit otherwise, is so that invalid claims shall not remain in terrorem of the art. There is however this difficulty in so proceeding, when the defendant concedes the validity of the claims. He then puts in no evidence, nor does he seek to defeat them on the patentee's own presentation;* and **the Court has therefore no adequate means to decide the issue."**

Note the statement of the Court of Appeals that neither it nor the District Court had adequate means of deciding the question of validity.

For reasons hereinafter set forth the Court of Appeals should have, then and there, *sua sponte*, remanded the case to the District Court with instructions to obtain adequate means to decide the issue by requiring a trial of the issue of validity.

The judgment of the District Court as affirmed by the Court of Appeals is therefore based on error, *i. e.*, **contravention of public policy** by failure to try out the question of validity.

The purpose of the petition in the Court below was to correct the above mentioned error and thereby promote the public policy.

On June 13, 1949, defendant petitioned the Circuit Court of Appeals as follows (Second Rec. 1 to 17):

"(a) For an order recalling and amending the mandate of this Court to the District Court for the District of Connecticut in this action, and remanding the case to the District Court for the filing of an amendment to the answer, as appended hereto, and for **a hearing on the issue of the validity of the patent in suit,** U. S. Patent No. 1,916,905 to Woodfine, and for a stay of the accounting.

(b) For such other and further relief as this Court may deem appropriate for the purpose of permitting defendant to show the invalidity of the Woodfine patent."

The grounds upon which that petition was based are as follows:

"(1) The Woodfine patent is invalid and should be declared to be so, for the reasons set forth in the accompanying affidavit of Edwin W. Hammer.*

(2) For reasons of public policy, the defendant-petitioner has the right to contest the validity of the Woodfine patent."

Plaintiff filed no answer and merely submitted a brief.

On June 22, 1949, the Court of Appeals denied defendant's petition without opinion and without giving any reasons for such denial; in fact, the Court below omits in its decree dated June 22, 1949 any reference to the real relief prayed for; *i. e.*, that the case be remanded to the trial Court for a trial of the issue of validity.

The case is still in the interlocutory stage. Accounting has not begun.

Jurisdiction

1. This is a suit arising under the Patent Laws of the United States (28 U. S. C. Sec. 41 (7), Judicial Code Sec. 24 (7), New Title 28, Sec. 1338).

2. The jurisdiction of this Court is invoked under New Title 28 U. S. C. Sec. 1254 (1) and Rule 38 (5) (b) of the rules of this Court.

3. The date of the decree which petitioner seeks to have reviewed is June 22, 1949 (Second Rec. 17).

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* That affidavit stands admitted. See footnote 5 *infra*, page 12.

Reasons Relied On for the Allowance of the Writ

(1) It is of the greatest public importance to have affirmative answers to the questions 1, 2, and 3 presented above (*supra*, pp. 1, 2).

The answers should be in the affirmative because this Court has laid down the general rule that *failure to contest validity is against public policy.* See *Edward Katzinger Co.* v. *Chicago Metallic Mfg. Co.*, 329 U. S. 394, 401, 67 S. Ct. 416, 420 (1947), where this Court clearly stated that *failure to make the defense of invalidity is a contravention of public policy.*

In that case this Court said:

> "* * * public policy * * * is promoted by his making the defense, and contravened by his refusal to make it."

The fact that both the District Court and the Court of Appeals in the present case acted in contravention of that public policy emphasizes the need for a clear directive from this Court particularly when **the Court of Appeals admitted that it and the District Court had no adequate means to decide the issue.**

(2) There is no likelihood of litigation resulting in a conflict of decisions between different Circuit Courts of Appeal. See Petitioner's Briefs, Petition for Certiorari, *Remington Rand, Inc., Petitioner* v. *Royal Typewriter Company, Inc., Respondent*, 69 S. Ct. 50.

Prayer

WHEREFORE, your petitioner respectfully prays that a writ of certiorari be issued to the United States Court of Appeals for the Second Circuit to the end that this cause may be reviewed and determined by this Court; that the

decree of said Court of Appeals dated June 22, 1949 be reversed and that petitioner be granted such other and further relief as may be just.

Respectfully submitted,

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Attorneys for Defendant-Petitioner.

BRIEF IN SUPPORT OF PETITION

Decree of the Court Below (without opinion)

The United States Court of Appeals for the Second Circuit denied defendant's petition without opinion (Second Rec. p. 17).

Jurisdiction and Statement of the Case

The jurisdictional statement and the essential facts are set forth in the accompanying petition.

Specification of Errors

The errors which petitioner will urge if the writ of certiorari is issued are that the United States Court of Appeals for the Second Circuit erred:

1. **In contravening the public policy** in respect of patents by affirming a decree of patent validity and infringement in a case where the issue of validity was not tried and then

2. by refusing to give defendant any opportunity to correct error No. 1.

Summary of Argument

I. The Woodfine patent in suit should be held invalid and the patented structure should be in the public domain.

II. In the patent system, the public interest (in preserving the public domain) is paramount.

III. A concession of validity in a patent infringement suit contravenes the public policy which requires that in the public interest, the issue of validity shall be contested to protect the public domain from conversion into illegal private monopolies.

IV. Failure of a party to contest the issue of validity does not foreclose the Court from determining that issue, in the public interest, and does not relieve the Court of its duty to do so.

V. A concession of validity does not create any preclusion by estoppel in pais or by judgment or otherwise. Even where private rights are created thereby, they must be set aside where it is necessary to do so to protect the public interest.

VI. The decree of the Court of Appeals should be reversed because (1) the District Court contravened public policy by failing to require a trial of the issue of validity and thereby failing to protect the public interest; (2) the Court of Appeals participated in and confirmed that error, and (3) the Court of Appeals further erred by refusing to give defendant any opportunity to correct those errors.

ARGUMENT

I. The Woodfine patent in suit should be held invalid and the patented structure should be in the public domain.

(A) Nature of the Alleged Invention

The essence of the Woodfine patented structure is the use of a spring[4] to cause quick, automatic movement of the margin controlling stops on a typewriter, instead of manual movement.

(B) Reasons for Invalidity

The Woodfine patent is invalid and the subject matter is in the public domain because that patent seeks to monopolize the use of a notoriously old expedient, *i. e.*, the use of a spring to automatically move a slidable member (the margin controlling stop on a typewriter carriage) toward a fixed abutment. The use of such an expedient was common to many diverse arts prior to Woodfine's alleged invention and Woodfine's use thereof represents nothing more than mechanical skill lying within the public domain.

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[4] Emphasis throughout the brief has been supplied.

The following quotation from the well-known text, "Patentability and Validity" by Rivise and Caesar, page 202, Sec. 117, states the general rule as follows:

> "§ 117. **Utilizing Expedient Common to Many Arts.**
>
> The second rule is that it generally requires nothing more than the exercise of mere mechanical skill to utilize an expedient common to many diverse arts, even though its new use had never before been contemplated."

The above rule merely reiterates the doctrine recognized by this Court over a period of many years.

One of the most recent applications of the rule was in the case of *Cuno Engineering Corporation* v. *Automatic Devices Corporation*, 314 U. S. 84, 62 S. Ct. 37 (1941). There, the essence of the patented structure was the use, in a cigar lighter such as is commonly found on automobile dashboards, of a bi-metallic element automatically to cut off the electric heating current when the heating element of the lighter reached a predetermined temperature. It was shown that this expedient had been commonly used in diverse arts for the purpose of automatically cutting off the electrical current in resistance heating elements, and this Court held that its use for the particular purpose of the patent represented the skill of the calling but not invention.

Mr. Hammer's affidavit (Second Rec. 4 to 17)[5] attached to the petition in the Court below shows that it is a common expedient in many diverse arts and also in the typewriter art to use a spring to cause quick, automatic movement of an element as a substitute for manual movement; indeed it may be said to be *axiomatic* to cause *quick, automatic* movement by the use of a spring. The patents discussed in Mr. Hammer's affidavit are set forth in the

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[5] Mr. Hammer's affidavit stands admitted because plaintiff filed no answer thereto. The transcript certified by the Clerk of the Court of Appeals is the complete record (Second Rec. 18, and see Clerk's Certificate).

proposed amended answer (Second Rec. 3). None of those patents were cited in the original answer.

The following is quoted from Mr. Hammer's affidavit (Second Rec. 16, 17):

> "As stated at the outset, I find that **the essence of the subject matter on which a patent was granted to Woodfine by the Patent Office** was **the use of a spring** to cause a margin setting stop on a typewriter to automatically move toward and into engagement with an abutment, **instead of manual movement.**
>
> "In summary it will be seen:
>
> (1) that **the use of a spring to cause an element to move quickly and automatically as a substitute for manual movement is notoriously old.**
>
> (2) that **the elements of the Woodfine structure in the same or analogous functional relationship are found in the patents discussed above.** Those elements and their functional relationship may be briefly described as follows:
>
> A slidable member or stop is normally held in engagement with a rack bar or equivalent by a detent or latch. The slidable member is biased toward a fixed abutment by a spring. Release of the latch or detent permits the spring to act and causes the slidable member to 'jump' toward and into engagement with the fixed abutment."[6]

Regarding the Benzing patent discussed in Mr. Hammer's affidavit, it will be seen (Second Rec. 8 to 9) that **the structure of that patent is the complete equivalent of the Woodfine structure in every respect,** indeed the Benzing patent may be said to be a "judicial photograph" of the Woodfine structure. The Benzing patent was applied

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[6] See Hammer affidavit (Second Rec. 5 to 6) for a description and illustration of the Woodfine patent in suit. A copy of that patent was inadvertently omitted from the binder attached to defendant's petition in the Court below. A copy will be found in the First Rec. (69 to 73).

for in Germany about forty days after Woodfine's filing date.

The principle set forth by this Court in *Concrete Appliances Co.* v. *Gomery*, 269 U. S. 177, 46 S. Ct. 42, 45 (1925), is applicable here. In that case, the Court said:

> "• • • The adaptation independently made by engineers and builders of these familiar appliances to the movement and distribution of concrete cement in building operations and *the independent patent applications, within a comparatively short space of time,* for devices for that purpose are in themselves persuasive evidence that this use, in combination of well known mechanical elements was the product only of ordinary mechanical or engineering skill and not of inventive genius. *Atlantic Works* v. *Brady*, 107 U. S. 192, 2 S. Ct. 225, 27 L. Ed. 438. It is but 'the suggestion of that common experience, which arose spontaneously and by a necessity of human reasoning, in the minds of those who had become acquainted with the circumstances with which they had to deal.' *Hollister* v. *Benedict Manufacturing Co.*, 113 U. S. 59, 72, 5 S. Ct. 717, 724 (28 L. Ed. 901)."

In *Baker, et al.* v. *Hughes-Evans Co., et al.*, 270 Fed. 97, 99 (2 Cir., 1920), the Court said, quoting from *Thomson-Houston, etc., Co.* v. *Lorain, etc., Co.*, 117 Fed. 253, 54 C. C. A. 285:

> "Where a number of workers in a single field, when confronted by an obstacle to the development of a device, naturally, and **practically contemporaneously,** independently substitute one well-known material for another, • • • the presumption is raised that such workers rightly regarded the substitution as a mere improvement, • • • such as would be adopted or selected by the skilled workman."

See also Walker on Patents (Deller's Edition), Vol. 1, page 142.

In addition to invalidity because of lack of invention, claims 1 and 2 are invalid because they are functional and indefinite and do not comply with Sec. 4888, Revised Statutes.[7]

The spring which is the essence of the alleged invention (as conceded by plaintiff's counsel) is not even mentioned in claims 1 and 2.

Instead of a definite statement of the spring, use is made of the functional expression (in claim 1)

> "**means etc.** tending to slide the stops in one direction on the rack bar * * *",

and in claim 2

> "**means etc.** tending to slide the stops in opposite directions on the rack bar * * *". (First Rec. 229, 230)

In *General Electric Co.* v. *Wabash Appliance Corp. et al.*, 304 U. S. 364, 58 S. Ct. 899, 903 (1938), this Court said:

> "But the vice of a functional claim exists not only when a claim is 'wholly' functional, if that is ever true, but also when the inventor is painstaking when he recites what has already been seen, and then **uses conveniently functional language at the exact point of novelty.**"

So here claims 1 and 2 use functional language to describe what plaintiff's attorney asserted to be the "essential novelty" of Woodfine (*supra*, p. 3).

The rule prohibiting the misuse of functional phraseology in patent claims was recently and emphatically set forth by this Court in *Halliburton Oil Well Cementing Co.* v. *Walker*, 329 U. S. 1, 67 S. Ct. 6 (1946).

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[7] Only claims 1, 2, and 3 of the four claims of the Woodfine patent in suit were placed in issue (First Rec. 232, 233).

II. In the patent system, the public interest (in preserving the public domain) is paramount.

In *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 665, 64 S. Ct. 268, 271 (1944), this Court said:

> "It is the public interest which is dominant in the patent system."

Again in *Precision Inst. Mfg. Co.* v. *Automotive Maintenance Co.*, 324 U. S. 806, 65 S. Ct. 993, 998 (1945), this Court said:

> "The possession and assertion of patent rights are 'issues of great moment to the public.' *Hazel-Atlas Glass Co.* v. *Hartford-Empire Co.*, 322 U. S. 238, 246, 64 S. Ct. 997, 1001. See also *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 665, 64 S. Ct. 268, 271; *Morton Salt Co.* v. *Suppiger Co., supra; United States* v. *Masonite Corp.*, 316 U. S. 265, 278. **A patent by its very nature is affected with a public interest.** As recognized by the Constitution, it is a special privilege designed to serve the public purpose of promoting the 'Progress of Science and Useful Arts.' At the same time, a patent is an exception to the general rule against monopolies and to the right to access to a free and open market. **The far-reaching social and economic consequences of a patent, therefore, give the public a paramount interest in seeing that * * * such monopolies are kept within their legitimate scope.**"

III. A concession of validity in a patent infringement suit contravenes the public policy which requires that in the public interest, the issue of validity shall be contested to protect the public domain from conversion into illegal private monopolies.

In *Edward Katzinger Co.* v. *Chicago Metallic Mfg. Co.*, 329 U. S. 394, 67 S. Ct. 416, 420 (1947), this Court emphasized the necessity of preserving the public domain against inroads upon it by private monopolies in the form of invalid patents in the following language:

> "In *Scott Paper Co.* v. *Marcalus Co.*, 326 U. S. 249, it was held that even an assignor who had sold a patent issued to itself was free to challenge the validity of the patent and thereby defeat an action for infringement by showing that the invention had been described in an expired patent. In thus emphasizing **the necessity of protecting our competitive economy by keeping open the way for interested persons to challenge the validity of patents which might be shown to be invalid**, the Court was but stating an often expressed policy that 'it is the public interest which is dominant in the patent system' *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 665, (64 S. Ct. 268, 271) and that the right to challenge 'is not only a private right to the individual but it is **founded on public policy, which is promoted by his making the defense, and contravened by his refusal to make it.**' *Pope Mfg. Co.* v. *Gormully*, 144 U. S. 224, 235."

IV. Failure of a party to contest the issue of validity does not foreclose the Court from determining that issue, in the public interest, and does not relieve the Court of its duty to do so.**

In *Muncie Gear Works, Inc.* v. *Outboard Marine Manufacturing Co. etc.*, 315 U. S. 759, 766, 768, 62 S. Ct. 865, 870 (1941), the issue of invalidity of a patent (because of public use of the claimed subject matter more than two years before it was first presented to the Patent Office) was pleaded but **"was not clearly presented, if indeed it was presented at all"** in the District Court and Court of Appeals.

This Court said (62 S. Ct. 870):

> "We think the conclusion is inescapable that there was public use, or sale, of devices embodying the asserted invention, more than two years before it was first presented to the Patent Office. **We are not foreclosed from a decision under Section 4886 on the point by the obscurity of its presentation in the Courts below.** This issue has been fully presented to this Court by the petition for a writ of certiorari; and in subsequent briefs and argument; and there is not the slightest indication that respondents have been prejudiced by such obscurity. **To sustain the claims in question upon the established and admitted facts would require a plain disregard of the public interest sought to be safeguarded by the patent statutes, and so frequently present but so seldom adequately represented in patent litigation.**"

In *Nachman Spring-Filled Corporation* v. *Kay Mfg. Co.*, 2 Cir., 139 F. (2d) 781, 783, there was failure in the District Court to try the issue of validity and the Court of Appeals remanded the case to the District Court with instructions

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** Where infringement is found (as in the case at bar) that duty is mandatory because an invalid patent cannot be infringed. Even where non-infringement is found, the Court should inquire fully into validity as a general rule. *Sinclair & Carroll Co.* v. *Interchemical Corporation*, 325 U. S. 327, 330, 65 S. Ct. 1143, 1145.

to vacate the decree and hear evidence as to validity. In that case the Court of Appeals followed the doctrine of the *Muncie* case and said (speaking through FRANK, Circuit Judge) with reference to the failure to try the issue of validity in the District Court (139 F. (2d) 783):

> "• • • This contention was not made in the court below; but we do not reject it on that account, since Muncie Gear Co. *v.* Outboard Co., 315 U. S. 759, 766, 768, 62 S. Ct. 865, 870, 86 L. Ed. 1171, seems to us to hold that regard for 'the public interest sought to be safeguarded by the patent statutes, and so frequently present but so seldom adequately represented in patent litigation', requires that an upper court should consider important defenses in such litigation even though not raised in the court below."

It is of interest to note the analogy drawn by the Court, in the *Nachman* case, between (1) the doctrine of the *Muncie* case that in patent litigation a Court should *sua sponte* investigate the defense of invalidity, and (2) the doctrine in the field of contract law that a Court should *sua sponte* investigate the important defense of illegality of a contract. (It may also be noted that it is well settled that a patent is a contract, between the patentee and the Government.)

That analogy is set forth by the Court in a footnote, 139 F. (2d) 783, as follows:

> "Also pertinent are cases holding that a court should sua sponte raise the question of the illegality of an agreement where the illegality is serious (especially where an important public interest is involved), and that the defense of illegality cannot ordinarily be waived. See e. g., Oscanyan *v.* Winchester Repeating Arms Co., 103 U. S. 261, 26 L. Ed. 539; Roberts *v.* Criss, 2 Cir., 266 F. 296, 302, 11 A. L. R. 698; Fitzsimmons *v.* Eagle Brewing Co., 3 Cir., 107 F. 2d 712, 126 A. L. R. 681; Williston, Contracts (Rev. Ed.) Sec. 1630a; Restatement of Contracts, Sec. 600, comment."

V. A concession of validity does not create any preclusion by estoppel *in pais* or by judgment or otherwise. Even where private rights are created thereby they must be set aside where it is necessary to do so to protect the public interest.

That the above proposition has been established by this Court is shown by numerous decisions. It will suffice however to discuss briefly only the following:

1. *Pope Mfg. Co.* v. *Gormully*, 144 U. S. 224, 12 S. Ct. 632, 636 (1892);
2. *Scott Paper Company* v. *Marcalus Mfg. Co.*, 326 U. S. 249, 66 S. Ct. 101 (1945);
3. *Edward Katzinger Co.* v. *Chicago Metallic Mfg. Co.*, 329 U. S. 394, 67 S. Ct. 416, 420 (1947);
4. *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 64 S. Ct. 268, 271, 273 (1944).

See also *Addressograph-Multigraph Corp.* v. *Cooper*, 60 F. Supp. 697 (1945), affirmed 2 Cir., 156 F. (2d) 483 (1946).

In *Pope Mfg. Co.* v. *Gormully*, 144 U. S. 224, 12 S. Ct. 632, 636 (1892), specific performance was sought on a license agreement in which the defendant had expressly agreed not to attack the validity of certain patents. The question was:

> "• • • whether the defendant can estop himself from disputing patents which may be wholly void • • •."

In that case defendant had agreed *never* to make or sell any machines covered by plaintiff's patents. That was equivalent to extending the patents far beyond their terms. Defendant further agreed to the entry of an injunction against him, without notice, in the event that after expiration of the license he should make, sell or use any of the machines patented by plaintiff. Long after the date of the contract, defendant in a suit for specific performance, repudiated the illegal agreement and was justly permitted

to do so, on the ground that that agreement was in contravention of public policy.

This Court pointed out that validity of patents is a matter of public policy, and, *comparing the defense of invalidity with the defense of usury to an action on a note*, quoted with approval from an earlier decision as follows:

> "• • • the right to make the defense is not only a private right to the individual, but it is founded on **public policy which is promoted by his making the defense, and contravened by his refusal to make it.** • • • With regard to all such matters of public policy, it would seem that **no man can bind himself by estoppel not to assert a right which the law gives him on reasons of public policy.**"[8]

In *Scott Paper Company* v. *Marcalus Mfg. Co.*, 326 U. S. 249, 66 S. Ct. 101 (1945), Marcalus had assigned the patent in suit to the plaintiff. Thereafter Marcalus organized and controlled defendant Company and proceeded to make and sell the patented machine and method. At the trial of the infringement suit the essence of the defense was that the plaintiff's patent was invalid because it was completely anticipated by an expired prior art patent to Inman, that the accused machine was substantially a copy of the structure of the expired Inman patent and was therefore in the public domain. **The plaintiff invoked the rule of estoppel** by which an assignor was precluded from asserting the invalidity of the invention and patent assigned. The District Court applying that rule gave judgment for the plaintiff. The Court of Appeals for the Third Circuit reversed and its decision was affirmed by this Court.

The doctrine of the *Marcalus* case was summarized by this Court in the later *Katzinger* case in the following language (67 S. Ct. 420):

> "In *Scott Paper Co.* v. *Marcalus Co.*, 326 U. S. 249, it was held that **even an assignor who had sold a patent**

[8] Cited with approval in *Edward Katzinger Co.* v. *Chicago Metallic Mfg. Co.* (1947), *supra*.

issued to itself was free to challenge the validity of the patent and thereby defeat an action for infringement by showing that the invention had been described in an expired patent. In thus emphasizing **the necessity of protecting our competitive economy by keeping open the way for interested persons to challenge the validity of patents which might be shown to be invalid,** the Court was but stating an often expressed policy that 'It is the public interest which is dominant in the patent system', *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 665, 64 S. Ct. 268, 271 and that the right to challenge 'is not only a private right to the individual but it is **founded on public policy, which is promoted by his making the defense, and contravened by his refusal to make it.**' *Pope Mfg. Co.* v. *Gormully*, 144 U. S. 224, 235."

In the *Mercoid* case, one of the elements (a switch) of the patented combination (stoker mechanism) was in the public domain and plaintiffs tried to monopolize the switch by granting the right to use the patented combination only to those who purchased the unpatented switch from one of the plaintiffs. The defense was misuse of the patent.[9]

It was asserted that this defense was barred by *res judicata* because *Mercoid was in privity with the defendant in a previous suit where the defense was available but was not made. All this was conceded.*

This Court nonetheless refused to apply the doctrine of *res judicata*, and allowed Mercoid to raise its belated defense, **in furtherance of the public policy against monopoly of that which is in the public domain** (in that case an unpatented part of a patented combination).

This Court said (64 S. Ct. 273):

> **"The parties cannot foreclose the Courts from the exercise of that discretion by the failure to interpose the same defense in an earlier litigation.** Cf. *Sola*

[9] The "misuse" of a patent is a subdivision of the broader topic of illegal monopoly of that which is in the public domain. Every restraint of trade by means of an invalid patent constitutes an illegal capture of a part of the public domain.

Electric Co. v. *Jefferson Electric Co.*, 317 U. S. 173, 63 S. Ct. 172."

That the principle of the *Mercoid* case is broad enough to protect the public interest against invalid patents as well as against the "misuse" of a patent is shown by the case of *Addressograph Multigraph Corp.* v. *Cooper*, 60 F. Supp. 697, D. C. N. Y. (1945) affd. 2 Cir., 156 F. (2d) 483 (1946). In that case it was contended (in a suit against the individual defendants and a corporation owned and dominated by them) that a consent decree entered in 1939 in a former suit brought by the same plaintiff against the individual defendants acted as a bar to the defense of invalidity in the later action. The Court rejected that contention, found the claims of the patent invalid, dismissed the complaint and said (p. 700):

> "In the opinion of the Court the claims are clearly invalid, and **restraints on competition should not be permitted whether brought about by agreement, consent decree or estoppel.** See Sola Electric Co. *v.* Jefferson Co., 317 U. S. 173, 63 S. Ct. 172, 87 L. Ed. 165."

In affirming the above case the Court of Appeals for the Second Circuit, referring to the *Mercoid* case, said:

> "• • • Then in Mercoid Corp. *v.* Mid-Continent Investment Co., 320 U. S. 661, 670, 64 S. Ct. 268, 88 L. Ed. 376, the Supreme Court held that in patent cases, as in other litigation, equitable relief should be either extended or limited as the public interest may require, and that as a result **the doctrine of res judicata in patent cases is limited by the public policy against monopoly.**"

VI. The decree of the Court of Appeals should be reversed because (1) the District Court contravened public policy by failing to require a trial of the issue of validity and thereby failing to protect the public interest, (2) the Court of Appeals participated in and confirmed that error, and (3) the Court of Appeals further erred by refusing to give defendant any opportunity to correct those errors.

The principle enunciated by the cases discussed above is that it is more important to promote the public policy and to have the public domain preserved than it is to enforce doctrines relating to private rights, for example estoppel by agreement not to contest validity, equitable estoppel (the *Pope* v. *Gormully, Marcalus and Katzinger* cases) and even estoppel by judgment (*res judicata*) by failure to raise the defense in prior litigation (the *Mercoid* case).[10]

In *Exhibit Supply Company* v. *Ace Patents Corporation*, 315 U. S. 126, 138, 62 S. Ct. 513, 519 (1941), the dissenting opinion stated that

> "By failing to assign error on the issue of patentability, parties to an infringement suit should not be permitted to foreclose a court from protecting the public interest."

In the *Exhibit Supply* case the issue of validity *was tried in the District Court* and **that Court and the Court of Appeals** (7 Cir.) **therefore had adequate means to decide** the issue and it was decided by those Courts in favor of the plaintiff. In this Court, the petitioners in the *Exhibit Supply* case did not assign error on the issue of

[10] In the present case the judgment has not become final and plaintiff cannot seek to invoke the doctrine of res judicata. The Mercoid case is discussed to show the basic principle that even the doctrine of res judicata will be disregarded where it is necessary to do so to protect the public interest.

patentability. In the present case counsel for the plaintiff (Royal Typewriter Company, Inc.) may seek to derive comfort from that fact because in their brief in the Court below they argued as follows:

> "Counsel omit from their discussion *Exhibit Supply Company* v. *Ace Patents Corporation*, 315 U. S. 126, which seems to us the most pertinent of all. It was cited by this Court in its opinion in this case (168 F. 2d at 692). Disposition of that case in the Supreme Court was on all fours with the disposition of the instant case in this Court."

The opinion and conclusion set forth in the first and last sentences, respectively, of the above quotation are erroneous.

In the *Exhibit Supply* case, the majority of this Court accepted the concurring opinions of both lower Courts that the patent was valid **those opinions being based on a trial of the issue of validity and full consideration of that issue.** See 119 F. (2d) 349, 7 Cir., (1941). The District Court's opinion was rendered orally and is reported in 45 United States Patents Quarterly, 601 to 603.

Contrast that case with the present case where the finding of validity by the District Court and affirmance thereof by the Circuit Court of Appeals was made with **no adequate means to decide the issue,** as expressly stated by that Court (*supra*, p. 4).

No sanction can be found in the *Exhibit Supply* case for the practice of decreeing the validity of a patent in the absence of a trial of the issue of validity, and such practice is clearly condemned by this Court, as a contravention of public policy, in the later *Katzinger* case.

It is clear that defendant's trial attorney made an error in contravening the public interest by failing to contest validity or conceding validity. That the trial court and Court of Appeals participated in and confirmed that error is also true. Indeed the Court of Appeals has refused defendant's attempt to correct that error, by denying defendant's petition for an order instructing the trial judge

to grant a hearing on the issue of validity. The Court of Appeals has even gone to the extreme of denying defendant the privilege of applying to the District Court to ask that Court for a hearing on the issue of validity.[11]

The Court of Appeals gave no reasons for denying defendant's petition.

In plaintiff's brief in opposition to defendant's petition in the Court below, plaintiff said:

> "There is therefore no reason for not holding defendant to its own election not to contest validity and to the judgment. Any other rule would lead to interminable litigation in patent cases."

The answer to the first sentence of that statement is that it is against public policy to hold defendant to its election as clearly shown by the principles of the cases discussed above. The answer to the second sentence of that statement is that **the District Court has both the power and the duty of protecting the public interest, in patent litigation, and must require a trial of the issue of validity where infringement is found.** See footnote, *supra*, page 17.

As stated by this Court in the *Mercoid* case, 320 U. S. 661, 64 S. Ct. 268, 273, **protection of the public interest**

"is not 'at the mercy' of the parties"

and as stated in *Veaux* v. *Southern Oregon Sales, Inc.*, 33 F. Supp. 605, 610 (D. Ore. 1940) affirmed 9 Cir., 123 F. (2d) 455 (1942),

> "Even if plaintiff and defendant should stipulate that invention was present, the Court should consider the question."[12]

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[11] That leave is usually granted as a matter of course, *Pittsburgh Forgings Co. et al.* v. *American Foundry Equipment Co.*, 3 Cir., 119 F. (2d) 619 (1941) and could have been granted under paragraph (b) of defendant's petition (*supra*, p. 5).

[12] The use by the Court of Appeals for the Ninth Circuit of the word "consider" in the *Veaux* case necessarily implies that the trial court should have adequate means to consider and decide the issue, as indicated by the court below in its original opinion (*supra*, pp. 3, 4).

That statement of principle reiterated the same doctrine enunciated by this Court in *Hill* v. *Wooster*, 132 U. S. 693, 10 S. Ct. 228 (1890) and *Paramount Publix Corp.* v. *American Tri-Ergon Corp.*, 294 U. S. 464, 477, 55 S. Ct. 449, 455 (1935).[13]

The Government unsuccessfully sought in 1942 to have legislation enacted which would give the Attorney General the right to intervene in all patent litigation in order to protect the public interest. See S. 2730 introduced Aug. 20, 1942, 77th Congress, 2nd Session. See also H. R. 3462, Sec. 27, 79th Congress, 1st Session, June 13, 1945. That legislation was not enacted.

This Court has accomplished the purpose of protecting the public interest by establishing the rule that the responsibility for adequately protecting the public interest in patent litigation rests on the Courts, *i. e.*, the judicial rather than the executive branch of the Government, as shown by the cases discussed herein. That rule (as emphasized by the present case) is not uniformly followed by the lower Federal Courts and further direction by this Court is therefore needed.

The implementation of that rule is clearly within the power of the trial court. Should the parties refuse or fail properly to protect the public interest, the court is not helpless to do so because it has full power and authority to appoint its own master or expert to make a thorough investigation of the facts relating to validity, to enable the court to discharge its duty, and to tax the costs in the court's discretion. Furthermore, as stated by this Court in *Universal Oil Products Co.* v. *Root Refining Co.*, 328 U. S. 575, 581, 66 S. Ct. 1176, 1179: "A federal court can always call on law officers of the United States to serve as

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[13] In the *Veaux* case where the defendant in the Patent Office Tribunal had represented the claims to be valid and then reversed its decision when sued for infringement the Court said, referring to the *Paramount Publix* case

> "this conduct of defendant does not preclude 'the Court from relieving the alleged infringer and the public from the asserted monopoly when there is no invention'."

amici", to represent the public interest in the administration of justice.

Conclusion

This case involves questions of the greatest importance in patent litigation, to wit, the procedure to be followed by members of the bar and the District Courts and Courts of Appeal in protecting the public interest which is paramount in every patent suit. Questions 1 to 3 inclusive under the heading "Questions Presented" (*supra*, pp. 1, 2) should be answered in the affirmative and by so doing this Court will confer a benefit on the lower Courts, the legal profession and the entire public. The decision of the Court below is erroneous and should be reversed.

It is therefore urged that the petition be granted.

Respectfully submitted,

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